

Message Text

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ACTION ARA-08

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C O N F I D E N T I A L BUENOS AIRES 1963

LIMDIS

E.O. 11652: GDS

TAGS: EINV, AR

SUBJECT: SITUATION US COMPANIES IN ARGENTINA; MY TALK WITH FONMIN
VIGNES REGARDING ITT PROBLEMS

REF: STATE 062098

1. MARCH 17, ITT/STANDARD REPS SAW ME AGAIN TO EXPLAIN, WITH REGRET, THAT COMMISSION APPEARED TO HAVE FALLEN APART LEAVING STANDARD ELECTRIC WITH NO VISIBLE SOLUTION TO ITS URGENT PROBLEMS. IN EFFORT TO STIMULATE GOA ACTION, I RAISED ITT CASE MORNING MARCH 19 WITH FONMIN VIGNES OUTLINING PROBLEMS TO HIM AND STRESSING IMPORTANCE OF ISSUE IN OUR GENERAL BILATERAL RELATIONS. I ALSO EXPLAINED COMPANY CONSIDERING POSSIBLE APPROACH TO LOPEZ REGA IF NO REDRESS POSSIBLE VIA OTHER CHANNELS, CAREFULLY UNDERLINING EMBASSY NOT, RPT NOT, ADVISING OR SUPPORTING THIS MOVE.

2. FONMIN VIGNES IMMEDIATELY GRASPED SERIOUSNESS OF SITUATION AND EXPRESSED GREAT APPRECIATION TO ME FOR RAISING ISSUE WITH HIM. IN MY PRESENCE, HE PLACED CALL TO LOPEZ REGA (WHO WAS IN MEETING WITH PRESIDENT) TO INFORM LOPEZ REGA TO REJECT, RPT REJECT, ANY REQUEST FOR APPOINTMENT FROM ITT/STANDARD ELECTRIC REPS. FONMIN EMPHASIZED THIS MATTER MUST BE HANDLED THROUGH NORMAL CHANNELS. THEN HE PLACED CALL DIRECTLY TO MINISTER GOMEZ MORALES (WHO WAS ALSO IN MEETING WITH PRESIDENT) TO EMPHASIZE TO HIM AGAIN IMPORTANCE OF FINDING SOLUTION TO ITT PROBLEM.

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HE ASSURED ME GOA WILL FIND SOLUTION AND THAT HE WOULD FOLLOW

UP WITH MINISTER GOMEZ MORALES.

3. FONMIN VIGNES THEN INQUIRED IF STANDARD ELECTRIC AND SIEMENS WERE COOPERATING ON THIS PROBLEM. I EXPLAINED THAT GERMAN AND AMERICAN EMBASSIES WERE ATTEMPTING TO ARRANGE FOR REPRESENTATIVES OF TWO COMPANIES TO MEET WITH VIEW TOWARD IMPROVING COORDINATION. FONMIN VIGNES EXPRESSED SATISFACTION AT THIS DEVELOPMENT.

4. DEPARTING, VIGNES WAS ESPECIALLY CORDIAL GIVING ME RENEWED ASSURANCE THAT SOLUTION MUST AND WOULD BE FOUND. HE STRESSED AGAIN GREAT IMPORTANCE ARGENTINA ATTACHES TO SECRETARY KISSINGER'S VISIT AND ITS SIGNIFICANCE FOR BILATERAL RELATIONS.

5. COMMENT: REFTEL RECEIVED AFTER MY DISCUSSION WITH FONMIN VIGNES. IT CLEARLY WOULD BE INADVISABLE SEEK APPOINTMENT WITH LOPEZ REGA NOW WHILE ISSUE BEING HANDLED IN ANOTHER CHANNEL WITH STRONG PERSONAL SUPPORT OF FOREIGN MINISTER. I WAS SURPRISED AT FONMIN'S STRONGLY POSITIVE REACTION TO MY DEMARCHE SINCE VIGNES REPUTEDLY DOES NOT HOLD ITT IN HIGH FAVOR. WITH SECRETARY KISSINGER'S VISIT NEARING, I BELIEVE WE ARE NOW IN POSITION TO EXERT MAXIMUM LEVERAGE ON GOA TO OBTAIN FAVORABLE ACTION ON THIS, AND OTHER, INVESTMENT PROBLEMS.
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